

The 'M' Word - Good maintenance begins with the developer

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Bricks & Mortar by Teh Lip Kim

TOP quality maintenance is what distinguishes good developers from their lesser brethren. No one wants to live in a property that is shabby and where the security is lax and the common facilities don't work as they should.

Thus, when investing in a stratified property as well as in gated and guarded communities, always consider what the quality of its maintenance will be like.

Buyers of stratified properties and landed gated and guarded communities with facilities are required to pay a monthly maintenance fee from the time that they assume ownership of their properties. These charges vary from development to development, and also depend on the type of services and facilities provided and the size of the individual units.

The maintenance fee is made up of two portions: a service charge that is used for daily and monthly maintenance work such as the cleaning of common areas, pest control and security services; and a sinking fund which is accumulated for major repairs normally required when the building is about five years old, like re-painting the building façade or repairing the elevators.



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With about 500,000 residential high-rise condominiums housing two million or so residents in Malaysia, maintenance issues can be a major issue which affects both developers and purchasers.

I believe that maintenance begins at the construction stage. The fundamental principle of good property maintenance is to make certain that the building has been constructed to the highest specifications with the use of quality materials.

Quality control and quality assurance during the construction phase is a vital part of the building process that cannot be overlooked. Well constructed buildings require less rectification work which, in turn, ensures that long term maintenance is straightforward.

Developers must ensure that they deliver on their promise. Developers should have sufficient integrity to guarantee that upon handing over a property, all services are in place and running. Another responsibility of the developer is to ensure that the maintenance provided is commensurate with the amount of maintenance fees charged to the owners. For example, when developers charge high maintenance fees, the level of maintenance should be top class and the appointed property managers should be professional and transparent in carrying out their duties and in keeping proper records.

On the other hand, property buyers, too, need to play their part and pay their maintenance charges on time. There have been many instances of owners refusing to pay or delaying payment of their maintenance charges because they did not get what they were promised at the point of purchase, and they use this as a way of “getting even” with developers of shoddy workmanship or defects in their units.

Previously, while waiting for developers to convert master titles to strata titles and transfer control of the common property to the purchasers – something that unfortunately could take decades – the maintenance of shared areas was akin to a no-man’s land. In many cases, owners had to put up with unprofessional service from building managers while irresponsible developers saw incentive in delaying the application for individual strata titles. These delays meant that developers had a longer time in which to take advantage of the lax scrutiny of building management into a profitable side business.

While many developers would rather concentrate on their core business of developing – which brings in a higher profit margin – they must also appreciate that superior maintenance of their developments reflect well on their reputations. It shows credibility and commitment to purchasers for the long term.

In mid 2007, amendments to the Building and Common Property (Management and Maintenance) Act 2007, clarified the responsibilities of all parties in the provision of building maintenance. Under this act, developers now have 12 months from the time of vacant possession to set up a Joint Management Body (JMB), consisting of 8-12 owners and two representatives from the developer.

The JMB will be responsible for maintaining the common property and deciding the amount of maintenance fees to levy. Once the strata titles are issued, the residents are required by law to establish a permanent management corporation to take over these duties. Under the Act, residents who fail to settle their maintenance charges risk having their properties confiscated and auctioned off, while developers who fail to form the JMB within the stipulated time period can be fined from RM20,000.

These changes are certainly welcome and make things transparent for the benefit of both parties. Looking forward, I feel that it may be even better for the JMB to continue with the developer as property manager. Developers, particularly those who have developed many buildings and have the economies of scale, are in a stronger bargaining position when it comes to negotiating for such services as security and lift maintenance.

Ultimately, successful maintenance depends on parties working together. Properties that have been kept in good condition are able to command a premium in the market – and this augurs well for owners and developers alike.

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